

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 02-004	2. STATE Wisconsin
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE 07/01/02	
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.250		7. FEDERAL BUDGET IMPACT:	
		a. FFY 2002 \$100K	
		b. FFY 2003 \$300K	
Attachment 4.19-A page 33.2		Same	
Attachment 4.19-A page 33.3		Same	
Attachment 4.19-A page 50 to 52		Same	
10. SUBJECT OF AMENDMENT: Inpatient Hospital Rates			
11. GOVERNOR'S REVIEW (Check One):			
<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <i>Robert Blum</i> <input type="checkbox"/> OTHER, AS SPECIFIED:			
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>Peggy B. Handrich</i>		16. RETURN TO:	
13. TYPED NAME: Peggy B. Handrich		Peggy B. Handrich	
14. TITLE: Administrator, Division of Health Care Financing		Administrator, Division of Health Care Financing	
15. DATE SUBMITTED:		1 W. Wilson St.	
		P.O. Box 309	
		Madison, WI 53701-0309	
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: SEP 30 2002		18. DATE APPROVED: December 13, 2002	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2002		20. SIGNATURE OF REGIONAL OFFICIAL: <i>Charles Brown</i>	
21. TYPED NAME: CHARLENE BROWN		22. TITLE: Deputy Director, CHSO	
23. REMARKS:			

RECEIVED
SEP 30 2002
DMCH - MI/MN/VA

SECTION 8200

GENERAL ASSISTANCE DISPROPORTIONATE SHARE HOSPITAL ALLOWANCE

8205 Introduction.

Acute care hospitals located in major urban counties may receive a disproportionate share hospital (DSH) payment for providing a significant amount of services to low-income persons who are not eligible for Wisconsin Medicaid coverage. The county administered general assistance (GA) medical program identifies these low-income persons whenever they apply for general assistance from the county. The county determines a person's low-income status under financial income criteria similar to or more restrictive than eligibility income criteria for the Wisconsin Medicaid program (WMP). The county also tabulates charges for hospital services provided persons covered by the county's GA medical program and provides an annual report to the WMP. The WMP uses this information in its calculation of this DSH allowance. A major urban county is a county with 500,000 or more population.

The special payments described in this section 8200, specifically subsections 8205 through 8260, are disproportionate share hospital payments provided in accord with the federal Social Security Act, Section 1902(a)(13)(A)(iv) and Section 1923.

8210 Qualifying Criteria.

A hospital is a disproportionate share (DSH) hospital and qualifies for general assistance disproportionate share hospital payments (GA-DSH) if the hospital meets either criteria 1) or 2) below and meets all the criteria of 3) below.

- 1) At least 13.0% of the hospital's operating expense is attributable to services provided persons eligible for a county GA program and to persons eligible under the WMP of which at least 2.0% is attributable to services provided persons eligible for a county GA program. GA program expenses are reduced by the hospital's EACH supplement under section 8100 before calculating the above percentage.
- 2) At least \$5,000,000 of the hospital's annual operating expense is attributable to services provided persons eligible for a county GA program and to persons eligible under the WMP which includes at least \$1,000,000 attributable to services provided persons eligible for a county GA program. GA program expenses are reduced by the hospital's EACH supplement under section 8100 before applying the above qualification amounts.
- 3) In addition to either 1) or 2) above, the hospital must meet all of the following criteria:
 - a) The hospital meets the obstetrician requirements of §5242.
 - b) The hospital has a Medicaid inpatient utilization rate of at least 1% determined under §5243.
 - c) The hospital or its parent corporation has a contract with the county government to serve low-income persons covered by the county's general assistance program.

For a hospital to qualify as a DSH hospital under this §8200, the hospital is not required to meet the qualifying criteria for DSH under §5240. In contrast, a hospital that qualifies as a DSH hospital under this §8200 can qualify for the DSH adjustment under §5240 if, and only if, the hospital meets the qualifying criteria of §5240.

8215 Calculation of Qualifying Percentages and Amounts for Individual Hospital

The amounts and percentages of operating expenses attributable to services provided to low-income GA persons and WMP recipients are determined as described in following table.

ITEM	DESCRIPTION
Total MA FFS Charges	Total fee-for-service charges by the hospital to the WMP for inpatient and outpatient services provided WMP recipients in the calendar year prior to the July 1 rate year. For example, for rate year beginning July 1, 1997, the calendar year of 1996 is used.
Total MA HMO Charges	For inpatient and outpatient services provided WMP recipients covered by Medicaid HMO or managed care contractors, total charges by the hospital in the calendar year prior to the July 1 rate year. If charges not available, zero is used
Total GA Charges	Total charges by the hospital for inpatient and outpatient services provided persons eligible for a county GA program in the calendar year prior to the July 1 rate year.
Ratio, Cost-to-Charges	The ratio of the hospital's overall costs to overall charges for hospital patient services, not to exceed 1.00, as determined from the hospital's most recent audited cost report on file with the WMP as of the effective date of the annual rate update.
Total Hospital Expenses	Total hospital patient care expenses from the hospital's most recent audited cost report on file with the WMP as of the effective date of the annual rate update.
Calculated MA & GA Expense	Total expenses attributed to inpatient and outpatient hospital services provided to WMP recipients and provided to persons eligible for a county GA program minus the hospital's EACH supplement of section 8100, calculated as: $((Total\ MA\ FFS\ Charges + Total\ MA\ HMO\ Charges + Total\ GA\ Charges) \times Ratio,\ Cost-to-Charges) - Hospital's\ EACH\ Supplement\ of\ Section\ 8100.$ This amount is compared to the \$5,000,000 qualifying criteria in §8210, item 2), prior page.
Percent, MA & GA Expense	Percent of hospital's operating expenses attributable to services provided persons eligible for a county GA program <u>and</u> the WMP, calculated as: $\frac{Calculated\ MA\ \&\ GA\ Expense}{Total\ Hospital\ Expenses}$ This percent is compared to the 13.0% qualifying criteria in §8210, item 1), prior page.
Calculated GA Expense	Total expenses attributed to inpatient and outpatient hospital services provided persons eligible for a county GA program, calculated as: $(Total\ GA\ Charges \times Ratio,\ Cost-to-Charges) - Hospital's\ EACH\ Supplement\ of\ Section\ 8100$ This amount is compared to the \$1,000,000 qualifying criteria in §8210, item 2), prior page.
Percent, GA Expense	Percent of hospital's operating expenses attributable to services provided persons eligible for the county GA program, calculated as: $\frac{Calculated\ GA\ Expense}{Total\ Hospital\ Expenses}$ This percent is compared to the 2.0% qualifying criteria in §8210, item 1), prior page.

APPENDIX SECTION 27000
AREA WAGE INDICES
Effective July 1, 2002

The following wage area indices are based on hospital hours and salaries for hospital fiscal years that began in federal fiscal year October 1997 through September 1998 and that were used to create the wage indices used in the Medicare hospital prospective payment system (PPS).

<u>WAGE AREAS FOR WISCONSIN HOSPITALS</u>	<u>For Original Remaining Hospitals in Area</u>	<u>For Hospitals Reclassified to Area</u>
Appleton/Neenah/Oshkosh.....	.9608	None
Eau Claire .....	.9164	None
Green Bay.....	.9741	.9741
Janesville/Beloit .....	.9171	None
Kenosha	1.0363	None
La Crosse.....	.9625	None
Madison	1.0800	1.0800
Milwaukee County	1.0507	None
Ozaukee-Washington-Waukesha Counties ..	1.0095	1.0095
Racine.....	.9693	None
Sheboygan..... See Note A	.8761 (Use .9099)	None
Superior, WI / Duluth, MN.....	1.0839	None
Wausau.....	1.0075	1.0075
Rural Wisconsin.....	.9099	None

Note A – Section 5224, page 9, requires that “the index applied to any hospital located in Wisconsin shall not be lesser than the rural Wisconsin index.” The Sheboygan wage index is lesser than the Rural Wisconsin wage index. Therefore, a hospital in the Sheboygan wage area will receive the Rural Wisconsin wage index of .9099.

<u>WAGE AREAS FOR BORDER STATUS HOSPITALS</u>	<u>For Original Remaining Hospitals in Area</u>	<u>For Hospitals Reclassified to Area</u>
Twin Cities, Minnesota..... (St. Paul, Minneapolis, Coon Rapids, Edina, Lake City, Robinsdale, Stillwater, Chisago City, Hasting).....	1.1438	None
Duluth, Minnesota.....	1.0839	None
Rochester, Minnesota.....	1.1955	None
Rockford, Illinois.....	.9547	None
Dubuque, Iowa.....	.8857	None
Chicago - Woodstock, Harvard, Illinois	1.1185	1.0363
Iowa City, Iowa.....	1.0261	None
Rural Illinois .....	.8292	None
Rural Minnesota.....	.9531	None
Rural Michigan.....	.9435	None

**APPENDIX SECTION 27100
DISPROPORTIONATE SHARE ADJUSTMENT AMOUNTS**

FOR SECTION 5243, MEDICAID UTILIZATION METHOD

Effective July 1, 2002, a hospital's disproportionate share adjustment factor under section 5243 is calculated according to the following formula where:

- 14.87% = Medicaid inpatient utilization rate at one standard deviation above the statewide mean Medicaid utilization rate.
- M = The hospital's Medicaid inpatient utilization rate for hospitals with a utilization rate greater than 14.87%.
- .26 = Linear slope factor allowing proportional increase in disproportionate share adjustment as utilization rate (M) increases.

Formula:

$$[(M - 14.87\%) \times .26] + 3\% = \text{Hospital's Specific Disproportionate Share Adjustment Percentage for section 5243}$$

**FOR SECTION 8100, THE ESSENTIAL ACCESS CITY HOSPITAL (EACH)
DISPROPORTIONATE SHARE HOSPITAL ADJUSTMENT**

Annual Statewide Funding

For the rate year July 1, 2002 through June 30, 2003, and each rate year thereafter, the annual statewide funding for the essential access city hospital (EACH) disproportionate share hospital adjustment is \$4,748,000.

FOR SECTION 8200, THE GENERAL ASSISTANCE DISPROPORTION SHARE HOSPITAL ALLOWANCE

Maximum Available Funding

For the rate year July 1, 2002 through June 30, 2003, and each rate year thereafter, the maximum available funding for the general assistance disproportionate share hospital allowance (GA-DSH) under section 8200 is \$27,819,453.

**APPENDIX 27200
INFLATION RATE MULTIPLIERS
FOR ADMINISTRATIVE ADJUSTMENTS
FOR RATES EFFECTIVE JULY 1, 2002 THROUGH JUNE 30, 2003**

Inflation rates to be applied in calculating the following administrative adjustments of \$11900:

- Item B -- Capital and direct medical education payment based on cost report more than three years old
- Item C -- Capital payment adjustment for major capitalized expenditures
- Item D -- Adjustment for changes in medical education

Month Fiscal Year Ended	Inflation Multiplier	Month Fiscal Year Ended	Inflation Multiplier	Month Fiscal Year Ended	Inflation Multiplier
1996		1999		2002	
Jan-96	1.2338	Jan-99	1.1507	Jan-2002	1.0388
Feb-96	1.2338	Feb-99	1.1507	Feb-2002	1.0388
Mar-96	1.2338	Mar-99	1.1507	Mar-2002	1.0388
Apr-96	1.2260	Apr-99	1.1430	Apr-2002	1.0309
May-96	1.2260	May-99	1.1430	May-2002	1.0309
Jun-96	1.2260	Jun-99	1.1430	Jun-2002	1.0309
Jul-96	1.2184	Jul-99	1.1335	Jul-2002	1.0224
Aug-96	1.2184	Aug-99	1.1335	Aug-2002	1.0224
Sep-96	1.2184	Sep-99	1.1335	Sep-2002	1.0224
Oct-96	1.2140	Oct-99	1.1233	Oct-2002	1.0156
Nov-96	1.2140	Nov-99	1.1233	Nov-2002	1.0156
Dec-96	1.2140	Dec-99	1.1233	Dec-2002	1.0156
1997		2000		2003	
Jan-97	1.2076	Jan-00	1.1123	Jan-2003	1.0081
Feb-97	1.2076	Feb-00	1.1123	Feb-2003	1.0081
Mar-97	1.2076	Mar-00	1.1123	Mar-2003	1.0081
Apr-97	1.2065	Apr-00	1.1006	Apr-2003	1.0000
May-97	1.2065	May-00	1.1006	May-2003	1.0000
Jun-97	1.2065	Jun-00	1.1006	Jun-2003	1.0000
Jul-97	1.1960	Jul-00	1.0892	Jul-2003 .....	.9913
Aug-97	1.1960	Aug-00	1.0892	Aug-2003 .....	.9913
Sep-97	1.1960	Sep-00	1.0892	Sep-2003 .....	.9913
Oct-97	1.1887	Oct-00	1.0798	Oct-2003 .....	.9849
Nov-97	1.1887	Nov-00	1.0798	Nov-2003 .....	.9849
Dec-97	1.1887	Dec-00	1.0798	Dec-2003 .....	.9849
1998		2001		2004	
Jan-98	1.1805	Jan-2001	1.0646	Jan-2004 .....	.9702
Feb-98	1.1805	Feb-2001	1.0646	Feb-2004 .....	.9702
Mar-98	1.1805	Mar-2001	1.0646	Mar-2004 .....	.9702
Apr-98	1.1684	Apr-2001	1.0572		
May-98	1.1684	May-2001	1.0572		
Jun-98	1.1684	Jun-2001	1.0572		
Jul-98	1.1595	Jul-2001	1.0507		
Aug-98	1.1595	Aug-2001	1.0507		
Sep-98	1.1595	Sep-2001	1.0507		
Oct-98	1.1546	Oct-2001	1.0459		
Nov-98	1.1546	Nov-2001	1.0459		
Dec-98	1.1546	Dec-2001	1.0459		